

2012 Legislative Priorities



Governor Mitch Daniels



"Sometimes it helps to turn a question around. Why not you?"

BUDGET CRISIS

Illinois deliberately delays billions in bill payments

- Associated Press

Somber day in state government:
Malloy issues layoff notices of
4,700 employees

- Hartford Courant

Thousands of female inmates in California set for early release

- The Los Angeles Times

**Michigan to require state employees
to take 4 furlough days**

- Associated Press

**Budget Would
Close Most State
Parks Two Days
A Week**

- North Carolina News

**LAWMAKERS PROPOSE
SHORTENING PUBLIC SCHOOL
YEAR IN ARIZONA BY 10 DAYS**

- East Valley Tribune

Crumbling Capitol a sign of
Oklahoma's fiscal problems

- Associated Press

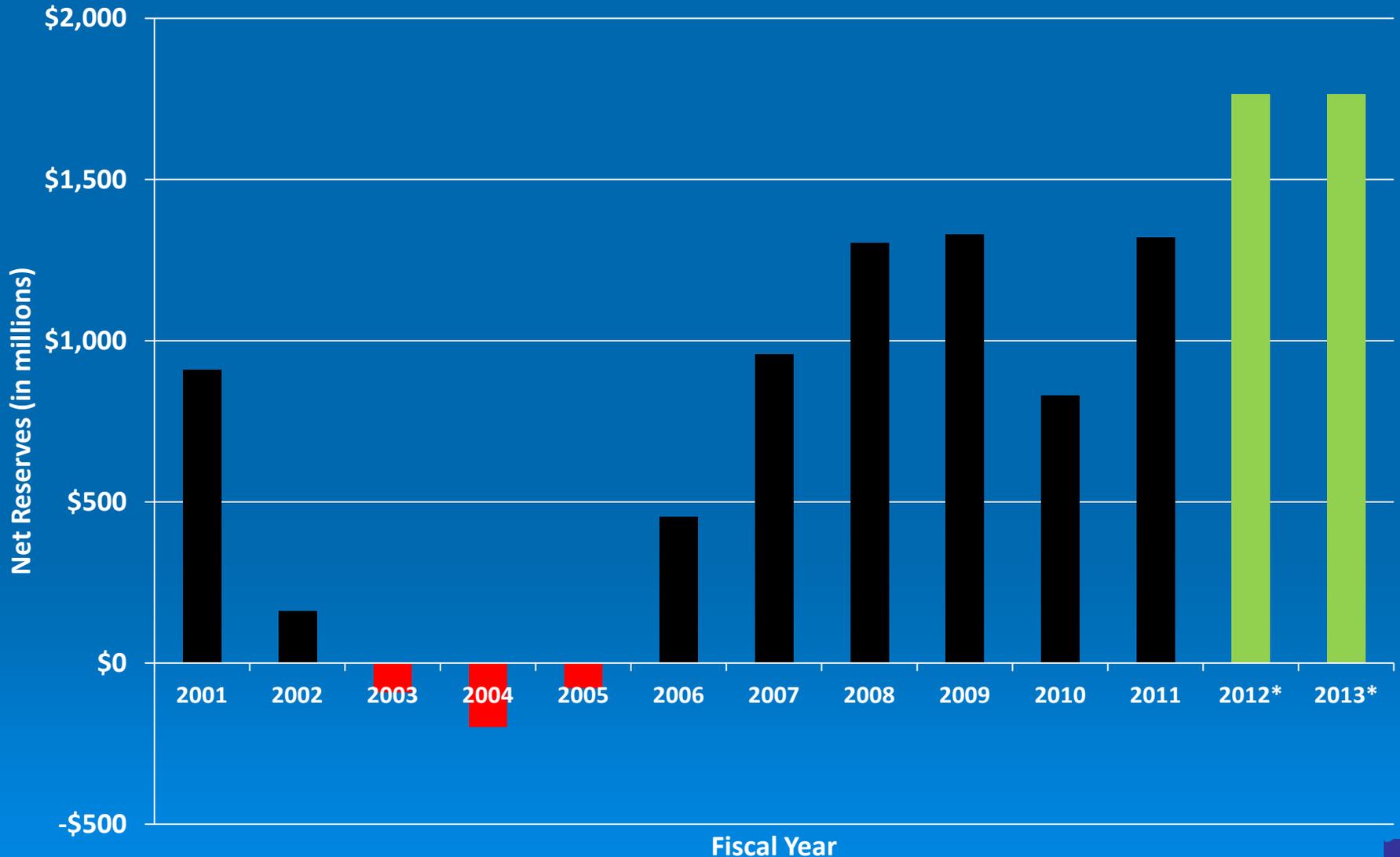
ODOT says road projects need to be cut

- Associated Press

Kansas delays pension
contributions, postpones
school aid funds

- Associated Press

From Bankruptcy to Solvency State Reserves (Cash balance - liabilities)



* projected

Automatic Taxpayer Refund

Estimated Reserves 6/30/12 = \$1.77 B

Minus: 10% of FY 2012 Approps. = \$ 1.43 B

Total amount of taxpayer refund = \$340 M

Half to Teacher Pensions = \$170 M

Half to eligible taxpayers = \$170 M

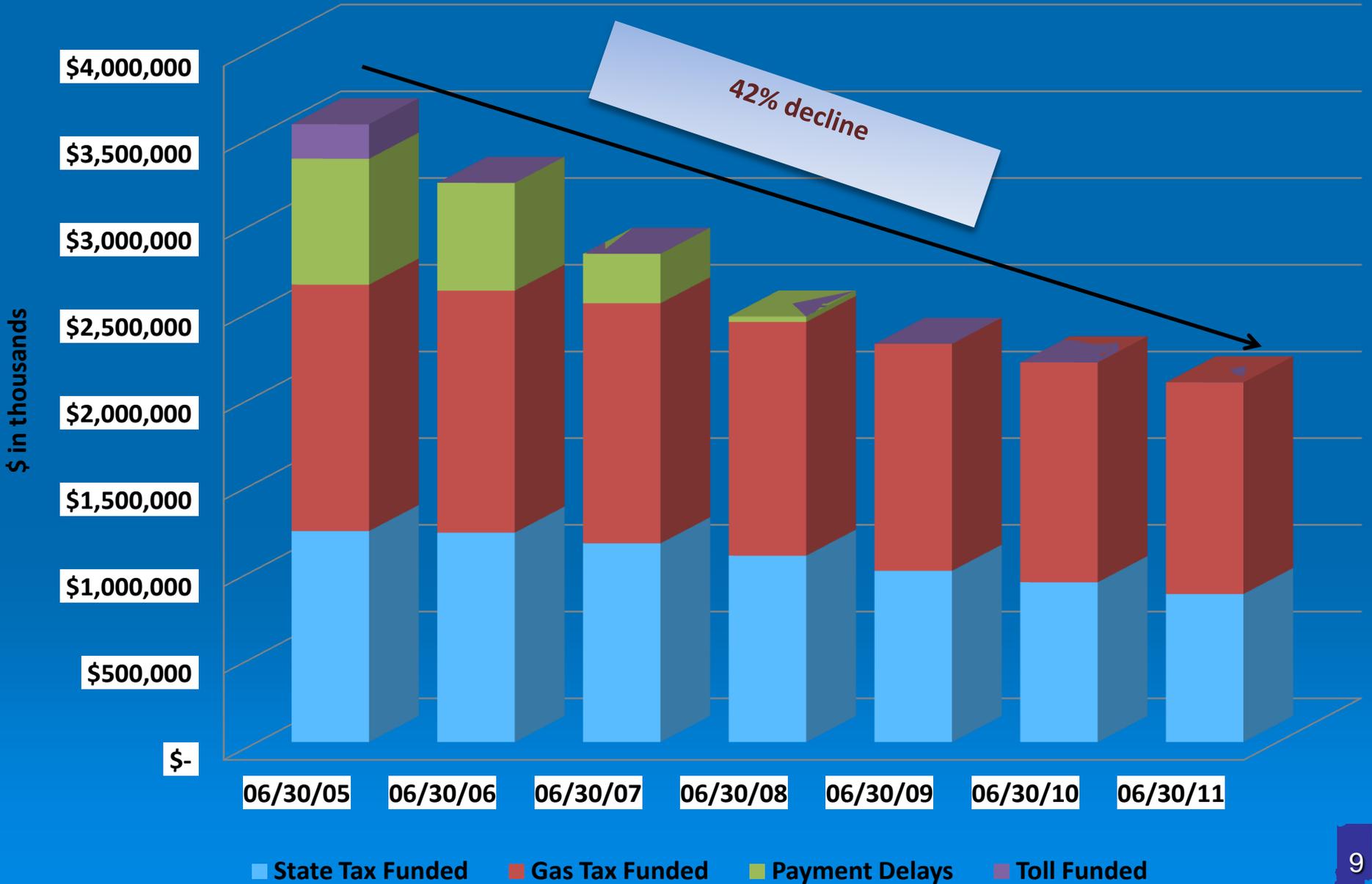
Average refund per eligible taxpayer = \$ 50.78

Real Per Capita State Government Spending

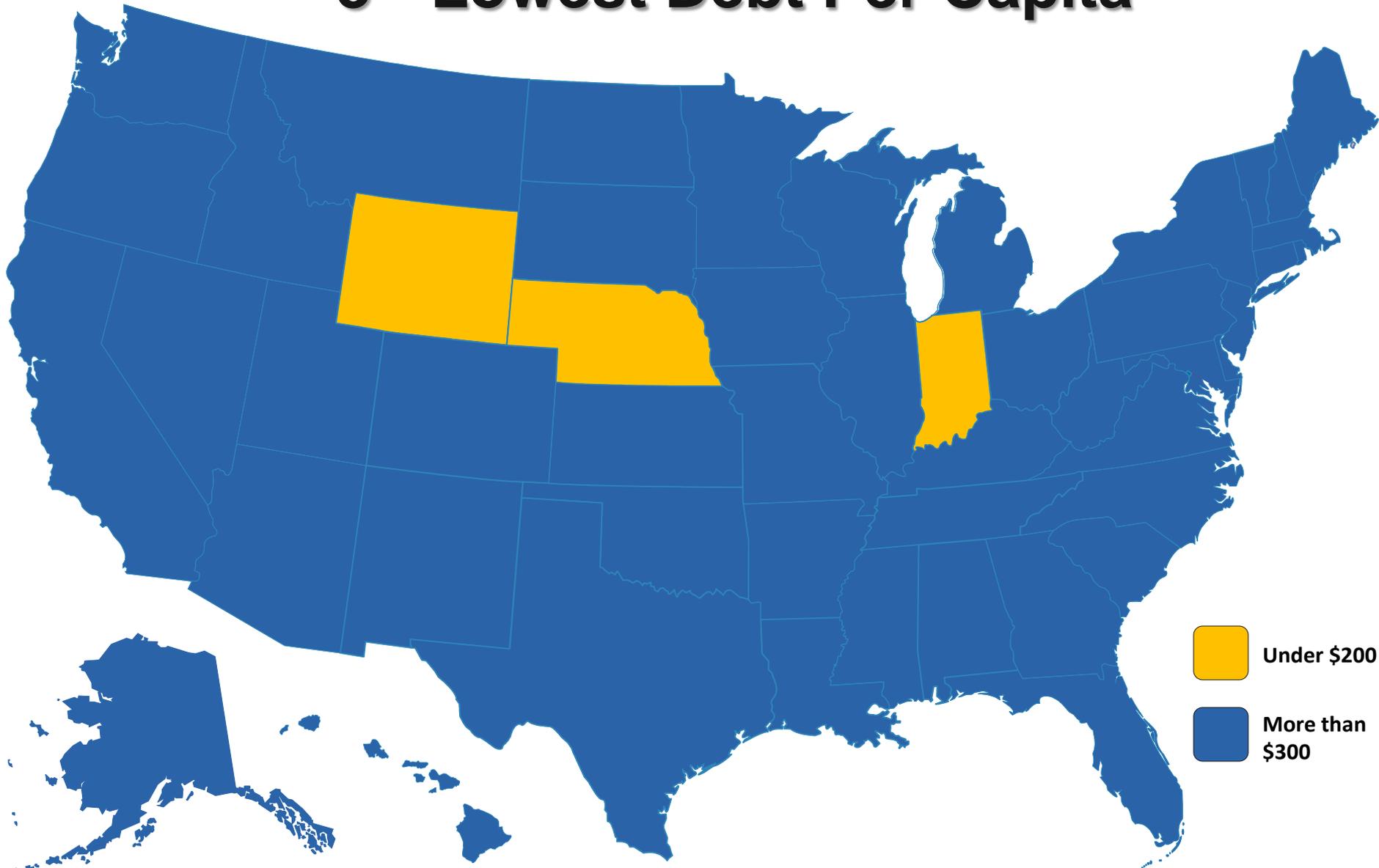
- Indiana improved from 37th in 2004...
- to 47th in per capita spending in 2010.

30	North Carolina	\$2,646	30	Illinois	\$3,476
31	Montana	\$2,644	31	North Carolina	\$3,312
32	Arizona	\$2,589	32	Mississippi	\$3,219
33	Pennsylvania	\$2,587	33	Pennsylvania	\$3,184
34	South Carolina	\$2,433	34	California	\$3,141
35	Oklahoma	\$2,409	35	Kansas	\$3,104
36	Utah	\$2,398	36	Oklahoma	\$2,998
37	Indiana	\$2,346	37	Michigan	\$2,855
38	Mississippi	\$2,275	38	South Carolina	\$2,726
39	New Hampshire	\$2,268	39	Arizona	\$2,663
40	Colorado	\$2,259	40	Georgia	\$2,663
41	Missouri	\$2,243	41	New Hampshire	\$2,578
42	Alabama	\$2,241	42	South Dakota	\$2,568
43	Maryland	\$2,187	43	Alabama	\$2,488
44	Tennessee	\$2,182	44	Tennessee	\$2,442
45	Florida	\$2,066	45	Missouri	\$2,439
46	Idaho	\$2,059	46	Idaho	\$2,437
47	Nevada	\$2,053	47	Indiana	\$2,345
48	South Dakota	\$1,923	48	Texas	\$2,245
49	Texas	\$1,860	49	Florida	\$2,090
50	Georgia	\$1,774	50	Nevada	\$2,034

Indiana State Debt Outstanding



3rd Lowest Debt Per Capita



Source: State Budget Solutions
October 2011

AAA Bond Rating – Best in History



Indiana is one of 9 States with top bond rating from all three major credit rating agencies  Maryland and Virginia were recently placed on negative watch by Moody's.

FitchRatings



STANDARD
& POOR'S

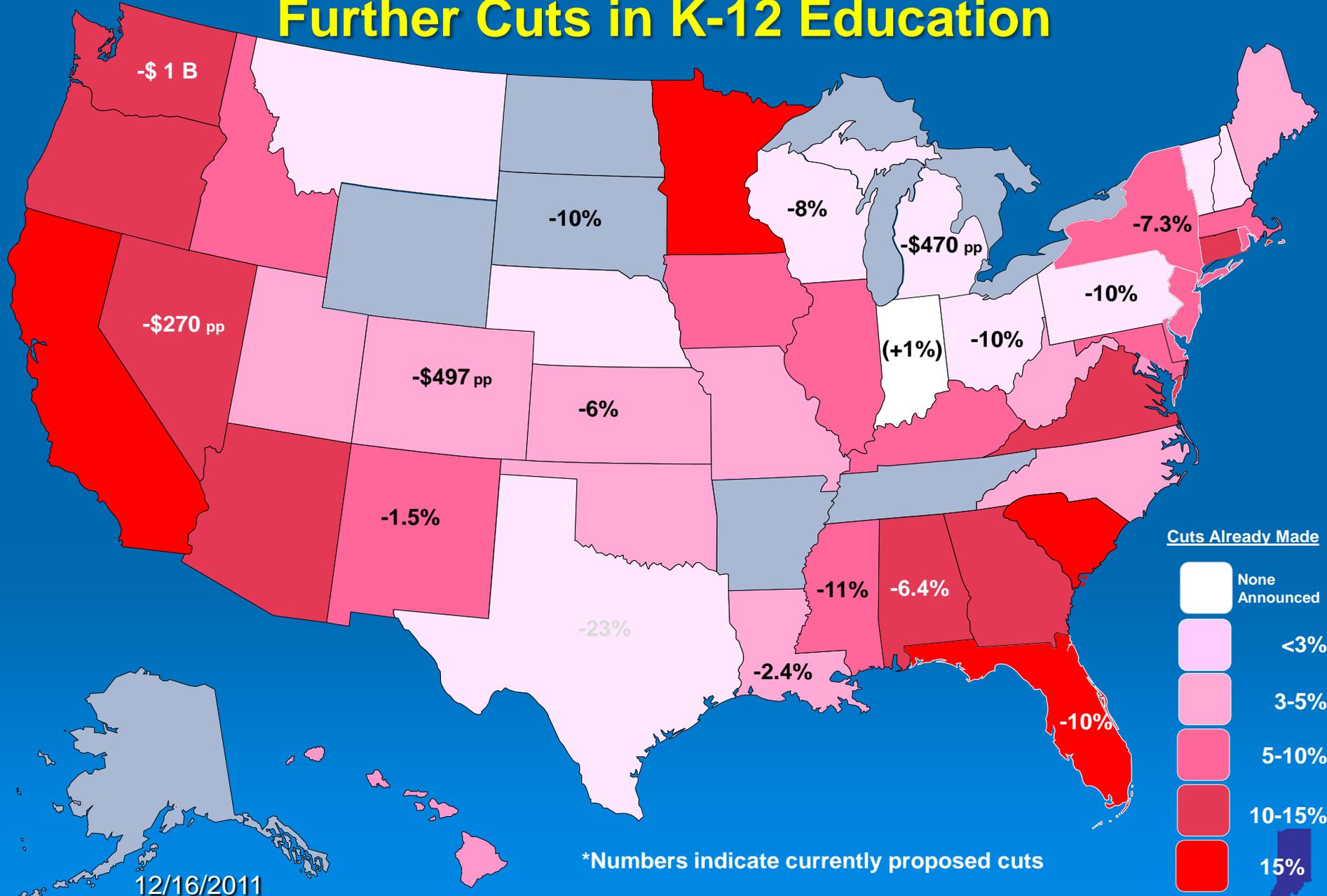
How efficient is your State Government?

State	Total Efficient	Total Not Efficient
Indiana	77%	16%
Wisconsin	57%	37%
*National Average	55%	43%
Ohio	49%	42%
Pennsylvania	45%	53%
Michigan	41%	53%
Illinois	23%	76%

Percent of Total General Fund Expenditures Dedicated to K-12 Education (2010)

1.	Indiana	55.4%
2.	Alabama	54.4%
3.	Kansas	51.4%
4.	Utah	51.1%
5.	Idaho	49.9%
6.	New Mexico	48.4%
7.	West Virginia	46.9%
8.	Wisconsin	46.4%
9.	Kentucky	45.4%
10.	Georgia	45.2%
11.	Mississippi	44.6%
12.	Colorado	44.2%
13.	Arkansas	43.9%
14.	Washington	43.2%
15.	Iowa	42.2%

States That Have Cut or Proposed Further Cuts in K-12 Education



-\$ 1 B

-\$270 pp

-\$497 pp

-1.5%

-23%

-2.4%

-11%

-6.4%

-10%

-10%

-8%

-\$470 pp

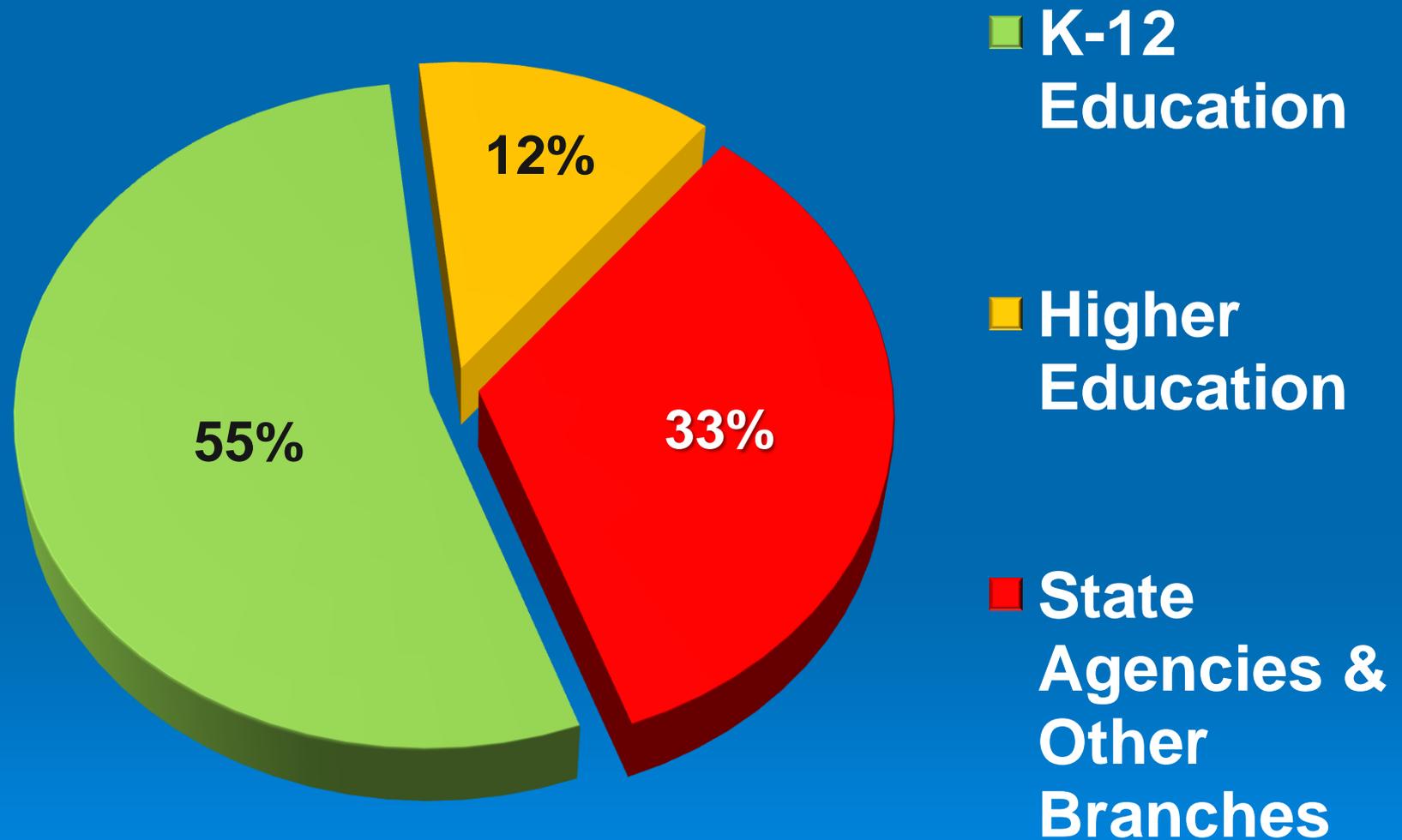
(+1%)

-10%

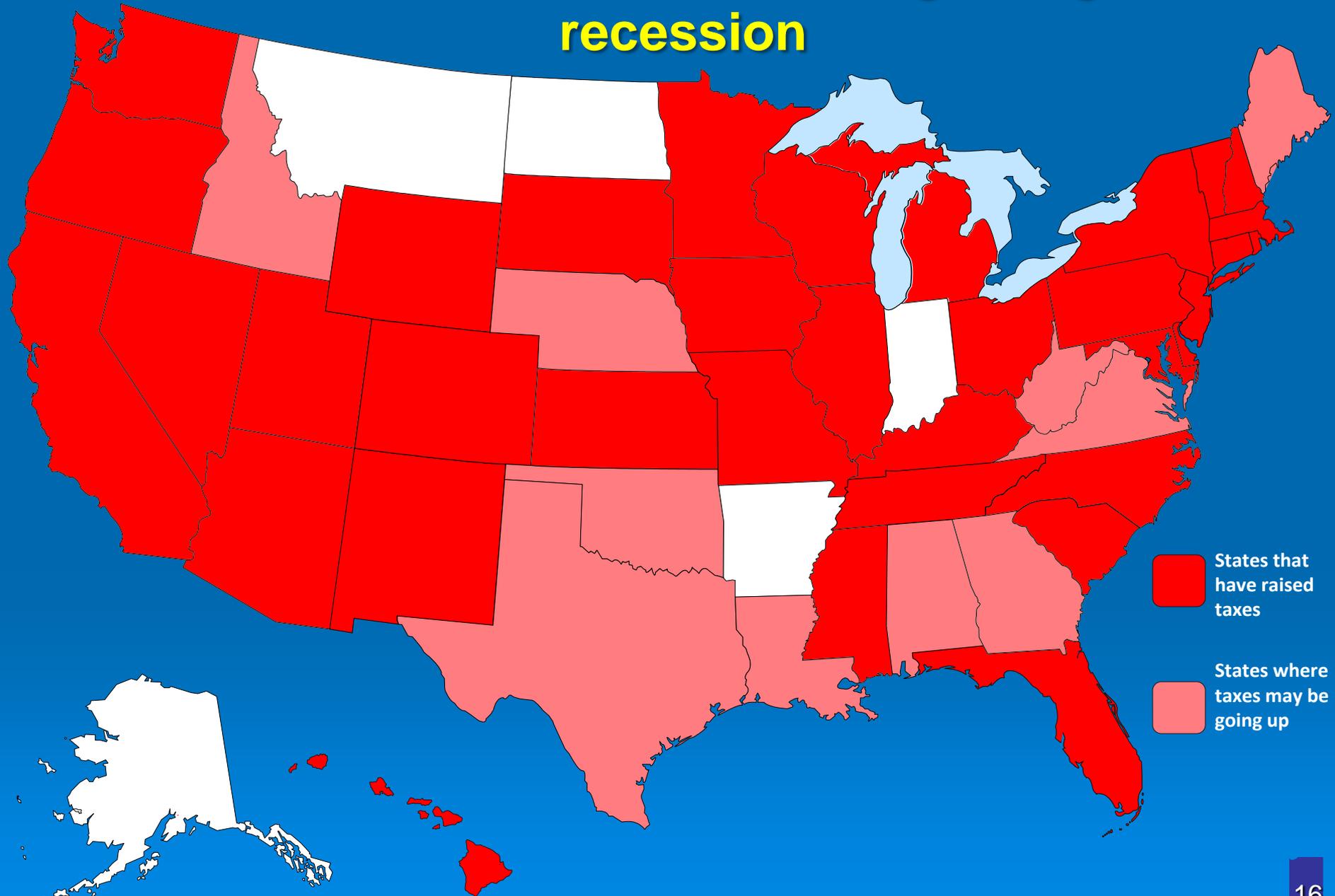
-10%

-7.3%

FY11 General Fund Appropriations

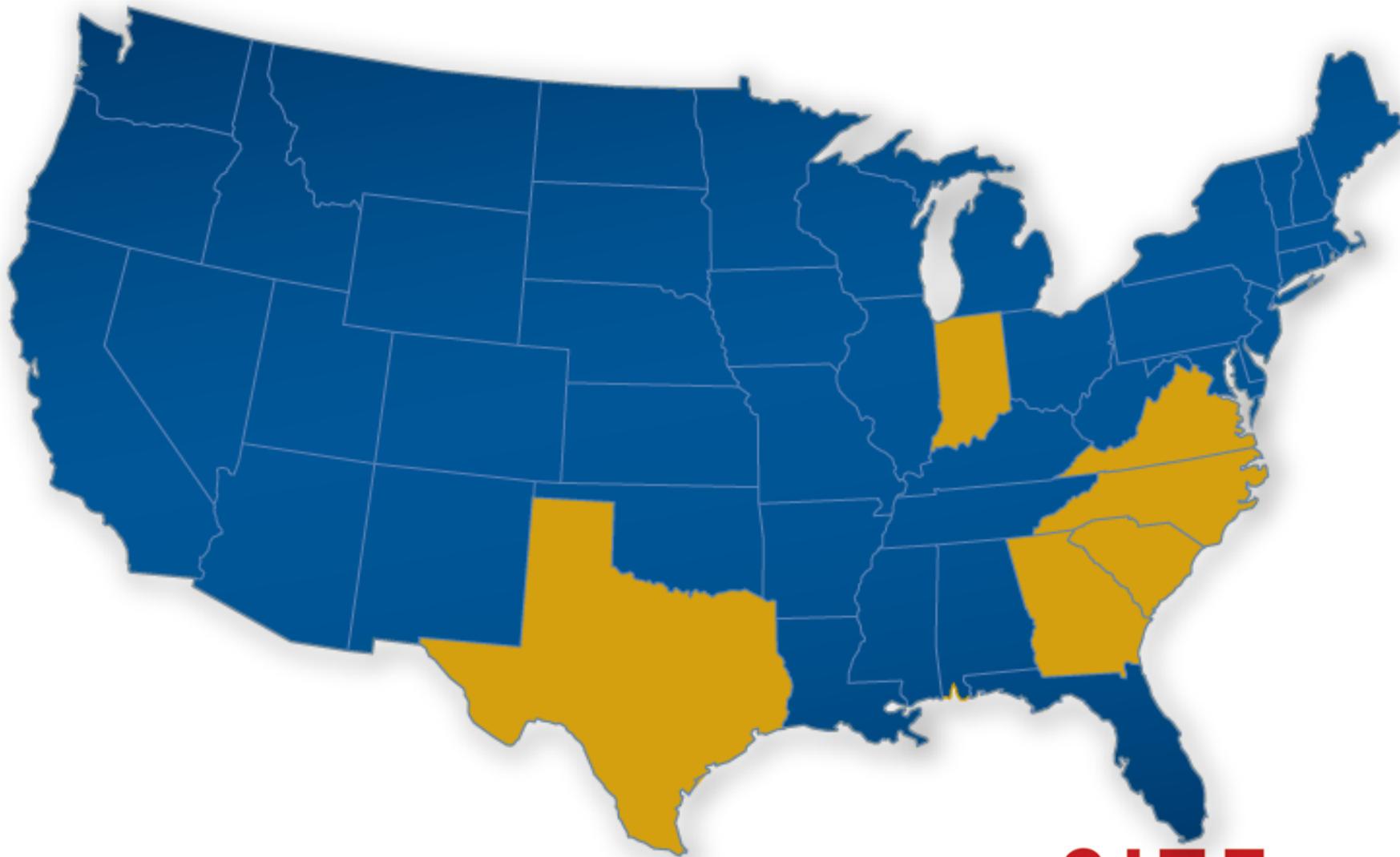


State tax increases since beginning of recession



Source: *State Tax Notes*, various news clips

Business Climate Ranks 6th in U.S.

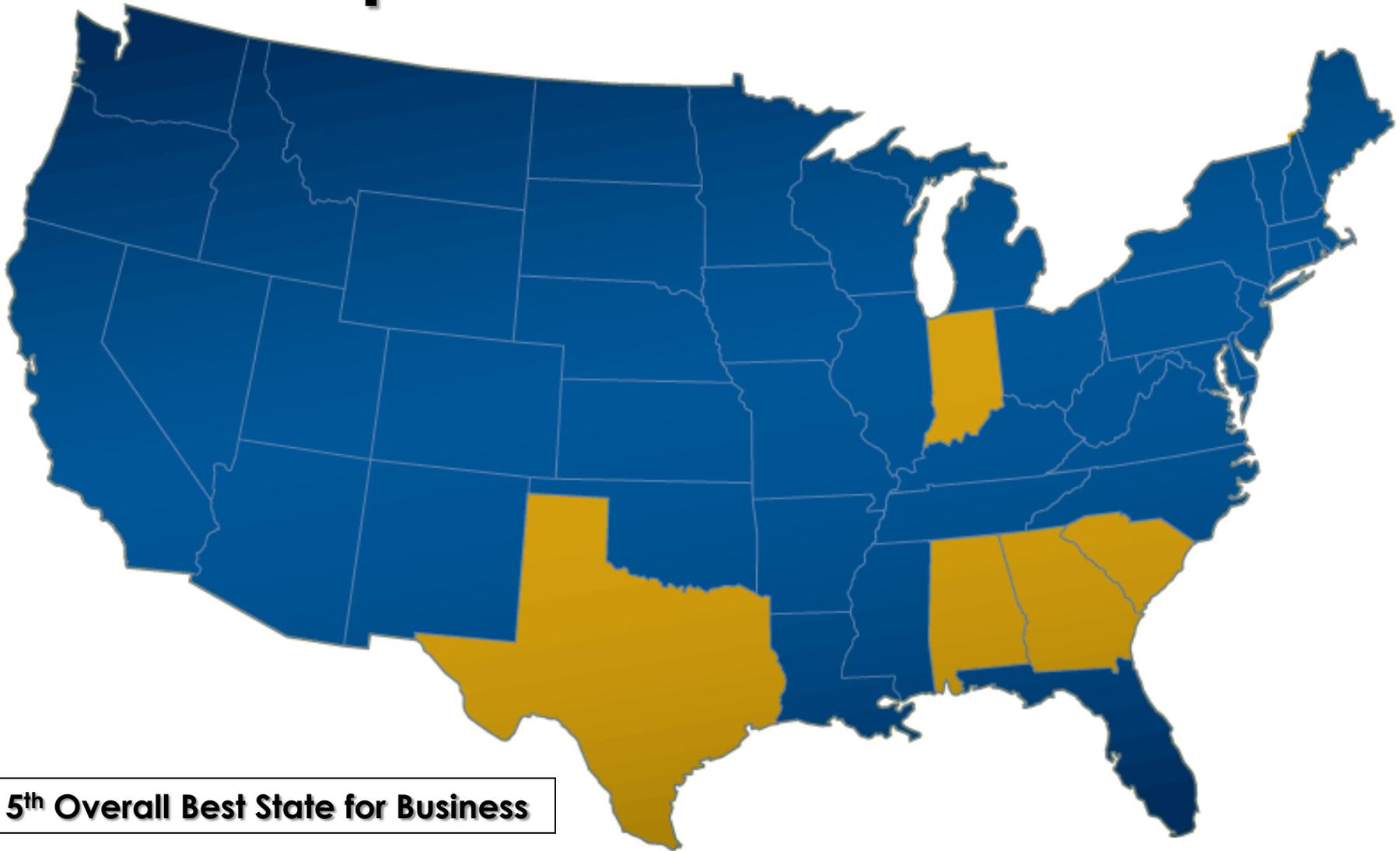


Based on a survey of real estate executives and
Indiana's economic performance

SITE Selection

November, 2011 17

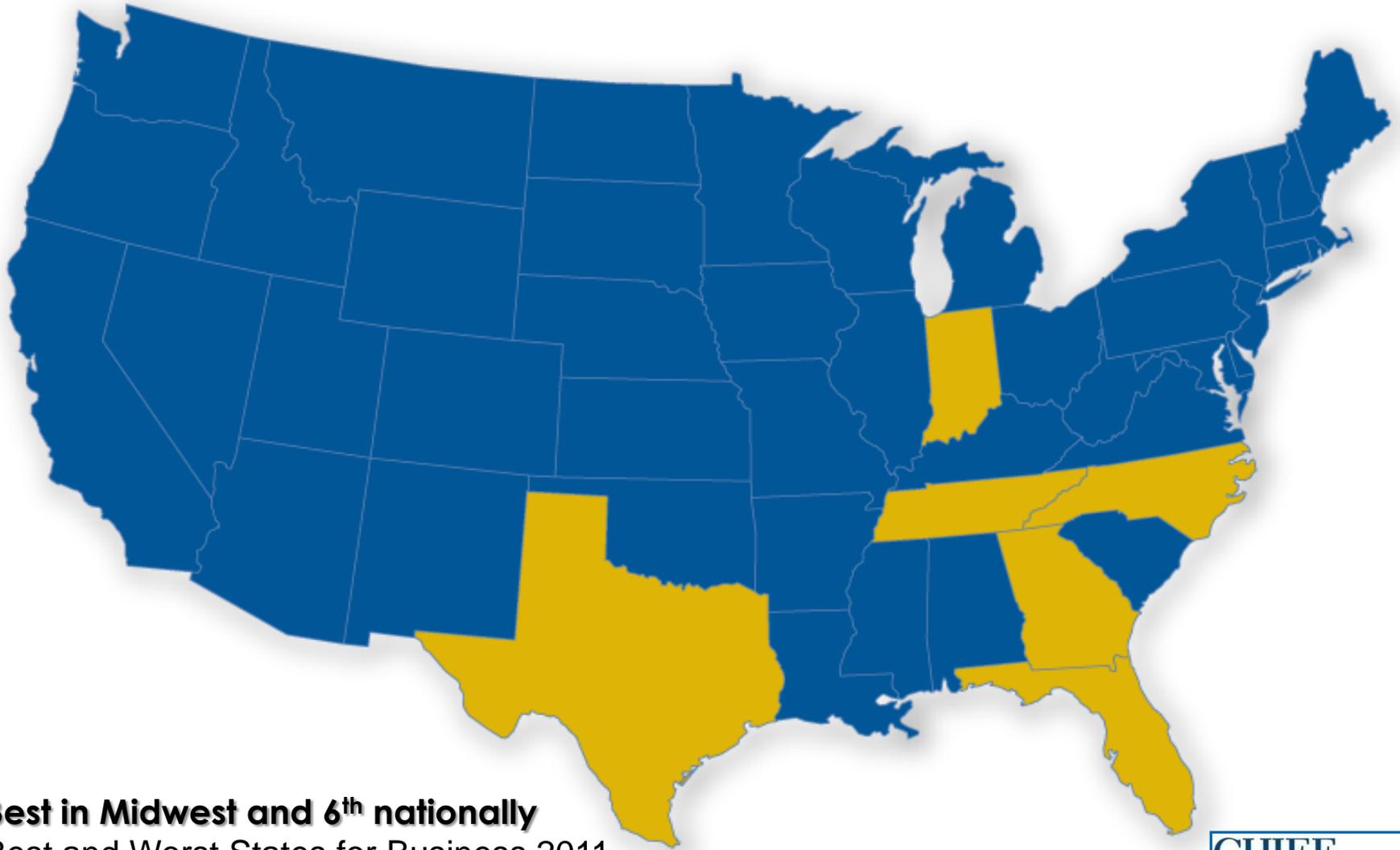
Top State For Business



5th Overall Best State for Business

- **1st Best State for Rail & Highway Accessibility**
- **2nd Best State Leading in the Economic Recovery**
- Based on site selection consultants' rankings of states

Indiana: Best for Business



Best in Midwest and 6th nationally
Best and Worst States for Business 2011
survey of more than 500 chief executives

2012

Local Government Reform

“We say that the status quo in local government is simply not good enough. Indiana can either embolden itself, designing new arrangements for its future prosperity, or continue to trudge along under a system of government erected 150 years ago.”

*-- Governor Joseph E. Kernan &
Chief Justice Randall T. Shepard*

Local Government Reform

- Eliminate Conflicts of Interest
- Reduce Nepotism
- Township Reform
- Single County Commissioner

Other 2012 Priorities

- Statewide Smoking Ban
- “Remote Seller” Tax Collection
- Higher Education Affordability
 - “Credit Creep”

Other 2012 Priorities

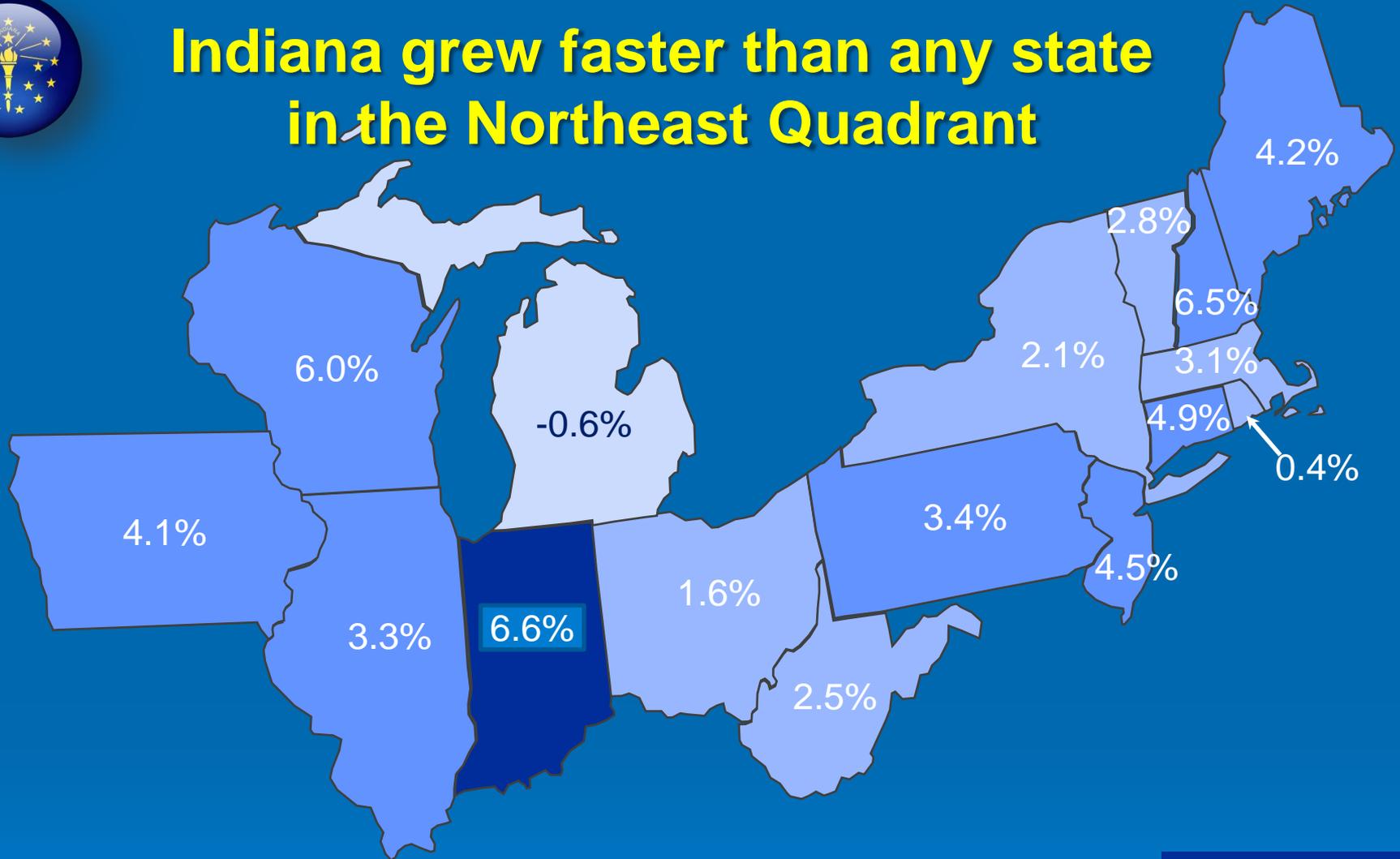
- State Fair Victims Compensation
- Anti-Human Trafficking legislation
- Mass Transit Referendum
- “Spring Cleaning” legislation

Right To Work

- Increased new job opportunities
- Right to Work States:
 - Faster job and income growth
 - Lower unemployment rates
 - Strong Hoosier support
- Protection of workers' rights:
 - Right to organize unchanged
 - Freedom to decide whether to pay dues



Indiana grew faster than any state in the Northeast Quadrant



U.S. Population Growth 2000-2010

More than 2/3 of U.S. Rate	6.6% and above
Between 1/3 and 2/3 of U.S. Rate	3.2% to 6.5%
Less than 1/3 of U.S. Rate	0% to 3.1%
Decrease	Less than 0%

U.S. Rate = 9.7%

Indiana is now importing more college grads than it is losing





Governor Mitch Daniels